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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Skyworth Digital Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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SKYWORTH

SKYWORTH DIGITAL HOLDINGS LIMITED

創維數碼控股有限公司

(Incorporated in Bermuda with limited liability)

**REFRESHMENT OF THE 10% SCHEME MANDATE ON
GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME
AND
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

A notice of convening the special general meeting of Skyworth Digital Holdings Limited to be held at Hennessy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong, on 25 August 2003 at 10:00 a.m. is set out on pages 8 to 12 of this circular.

Whether or not you intend to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrars, Hong Kong Registrars Limited, at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so desire.

Hong Kong, 8 August 2003

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

“associate”	shall have the meaning ascribed to that term under Rule 1.01 of the Listing Rules;
“Board”	the board of Directors or a duly authorised committee of the board of Directors;
“Company”	Skyworth Digital Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange;
“connected persons”	has the same meaning ascribed to it under Rule 1.01 of the Listing Rules;
“control”	the power of a person to secure: (i) by means of the holding of shares or other securities or the possession of voting power in or in relation to the relevant body corporate or any other body corporate; or (ii) by means of controlling the composition of a majority of the board of directors of the relevant body corporate or any other body corporate; or (iii) by virtue of any powers conferred by the bye-laws, articles of association or other constitutional document regulating the relevant body corporate or any other body corporate that the affairs of the first-mentioned body corporate are conducted in accordance with the wishes of such person;
“Controlling Shareholder”	any person who has the power, directly or indirectly, to secure: (i) by means of the holding of shares entitling him to exercise or control the exercise of 30% (or such lower amount as may from time to time be specified in the Takeovers Code (approved by the Securities and Futures Commission as amended from time to time) as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company, or

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(ii) by means of controlling the composition of a majority of the Board; or

(iii) by virtue of any powers conferred by the constitutional document of the Company or any other corporation,

that the affairs of the Company are conducted in accordance with the wishes of such person;

“Directors”

the directors of the Company

“Eligible Person”

means:

(i) (a) any director (whether executive or non-executive, including any independent non-executive director) or employee (whether full time or part time) of, or

(b) any individual for the time being seconded to work for,

any member of the Group or any Controlling Shareholder or any company controlled by a Controlling Shareholder; or

(ii) any Shareholder of any member of the Group or any Controlling Shareholder or any company controlled by a Controlling Shareholder; or

(iii) (a) any business or joint venture partner, franchisee, contractor or agent of,

(b) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,

(c) any supplier of goods or services to,

(d) any customer of, or

(e) any landlord or tenant (including any sub-tenant) of,

DEFINITIONS

any member of the Group or any Controlling Shareholder or a company controlled by a Controlling Shareholder;

and, for the purposes of the Share Option Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of participants;

“General Mandates”

the Repurchase Mandate and the Issue Mandate;

“Group”

the Company and any entity in which the Company, directly or indirectly, holds any equity interest;

“Hong Kong”

the Hong Kong Special Administrative Region of the People’s Republic of China;

“Issue Mandate”

a general and unconditional mandate proposed to be granted to the Directors at the Special General Meeting to issue securities not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant ordinary resolution to grant such mandate;

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong;

“Latest Practicable Date”

1 August 2003, being the latest practicable date for ascertaining certain information for inclusion in this circular;

“Listing Rules”

the Rules Governing the Listing of Securities on the Stock Exchange;

“Repurchase Mandate”

a general and unconditional mandate proposed to be granted to the Directors at the Special General Meeting to repurchase the Shares not exceeding 10% of the aggregate nominal value of the issue share capital of the Company as at the date of passing of the relevant ordinary resolution to grant such mandate;

“Scheme Mandate”

10% of the Shares in issue as at 28 August 2002, being the date on which the annual general meeting of the Company was held for the purpose of, inter alia, adoption of the Share Option Scheme;

DEFINITIONS

“Share Option Scheme”	the share option scheme adopted by the Company on 28 August 2002
“Shareholders”	holders of the Shares;
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Special General Meeting”	the special general meeting of the Company to be held at Hennessy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. on 25 August 2003 or any adjournment thereof;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	Code on Takeovers and Mergers; and
“%”	per cent.



SKYWORTH

SKYWORTH DIGITAL HOLDINGS LIMITED

創維數碼控股有限公司

(Incorporated in Bermuda with limited liability)

Executive Directors:

Wong Wang Sang, Stephen (*Chairman*)

Ng Kam Fai

Wong Pui Sing

Ding Kai

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive Directors:

So Hon Cheung, Stephen

Li Weibin

Principal place of business:

Room 1601-04

Westlands Centre

20 Westlands Road

Quarry Bay

Hong Kong

8 August 2003

To the Shareholders:

Dear Sir or Madam,

**REFRESHMENT OF THE 10% SCHEME MANDATE ON
GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME
AND**

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

INTRODUCTION

The purpose of this circular is to (i) present the proposals for the refreshment of the Scheme Mandate, the grant of the General Mandates and the extension of the Issue Mandate to the Board; and (ii) provide the Shareholders with the notice of the Special General Meeting at which the necessary ordinary resolutions will be proposed to consider and, if thought fit, to approve the refreshment of the Scheme Mandate, the grant of the General Mandates and the extension of the Issue Mandate to the Board.

LETTER FROM THE CHAIRMAN

REFRESHMENT OF THE 10% SCHEME MANDATE ON THE GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to enable the Board to grant options to selected Eligible Persons as incentives or rewards for their contribution or potential contribution to the Group.

Under the Share Option Scheme, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed the Scheme Mandate. The Scheme Mandate may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the new limit under the refreshed Scheme Mandate must not exceed 10% of the Shares in issue at the date of the Shareholders' approval of such refreshed Scheme Mandate. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the total number of Shares subject to the refreshed Scheme Mandate.

Up to the Latest Practicable Date, particulars of the options granted under the Share Option Scheme are set forth below:

Option outstanding	140,397,000
Options cancelled	39,430,000
Options lapsed	NIL
Options exercised	93,334,000
Options granted (including outstanding, cancelled, lapsed or exercised)	273,161,000

As at the Latest Practicable Date, options carrying the rights to subscribe for up to a total of 273,161,000 Shares have been granted under the Share Option Scheme. The options had been granted to Eligible Persons as rewards for their contribution or potential contribution to the Group. Unless the Scheme Mandate is "refreshed", only up to 73,936,400 Shares may be issued pursuant to the grant of further options under the Share Option Scheme and any other share option schemes of the Company. The refreshment of the Scheme Mandate will enable the Company to grant further options to Eligible Persons as incentives or rewards for their contribution or potential contribution to the Group.

As at the Latest Practicable Date, there were 2,143,334,000 Shares in issue. Assuming that no further Shares will be issued or repurchased prior to the date of approving the refreshment of the Scheme Mandate by the Shareholders, the maximum number of options

LETTER FROM THE CHAIRMAN

that can be granted by the Company under the refreshed Scheme Mandate would be 214,333,400 Shares, representing 10% of the Shares in issue as at the date of the Special General Meeting.

As required by the Share Option Scheme and the Listing Rules, an ordinary resolution will be proposed at the Special General Meeting to approve the refreshment of the Scheme Mandate so that the total number of securities which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the refreshed Scheme Mandate shall be 10% of the total number of Shares in issue as at the date of approving of the refreshed Scheme Mandate .

Application for Listing

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares (representing 10% of the Shares in issue as at the date of the Special General Meeting) which may fall to be issued upon the exercise of any option that may be granted under the Share Option Scheme and any other share option schemes of the Company under the refreshed Scheme Mandate .

GENERAL MANDATES

At an annual general meeting of the Company held on 28 August 2002, resolutions were passed by the Shareholders giving general unconditional mandates to the Directors to issue and allot Shares and to exercise the powers of the Company to repurchase its own Shares in accordance with the Listing Rules. These general mandates will lapse at the conclusion of the annual general meeting of the Company to be held on 25 August 2003, being the date on which the Special General Meeting will be held. It is therefore proposed to renew the General Mandates at the Special General Meeting and ordinary resolutions will be proposed to seek the Shareholder's approval for the granting of the General Mandates to the Directors and to extend the Issue Mandate by an amount representing the aggregate nominal amount of the securities of the Company repurchased by the Company pursuant to and in accordance with the Repurchase Mandate.

The Repurchase Mandate and the Issue Mandate will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in resolutions numbered 2 and 3 set out in the notice convening the Special General Meeting.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the grant of the Repurchase Mandate. An explanatory statement as required by the Listing Rules in connection with the Repurchase Mandate is set out in the Appendix to this circular.

LETTER FROM THE CHAIRMAN

SPECIAL GENERAL MEETING

A notice convening the Special General Meeting is set out on pages 8 to 12 of this circular. At the Special General Meeting, relevant resolutions will be proposed to approve (i) the refreshment of the Scheme Mandate; and (ii) the granting of the General Mandates to the Board, and the extension of the Issue Mandate by the addition of the number of securities of the Company repurchased pursuant to the Repurchase Mandate.

A form of proxy for the Special General Meeting is enclosed herewith. Shareholders are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrars, Hong Kong Registrars Limited, at Rooms 1901–5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting at the Special General Meeting or any adjourned meeting should he so desire.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other material facts not contained in this circular, the omission of which would make any statement in this circular misleading.

RECOMMENDATION

The Directors consider that (1) the refreshment of the Scheme Mandate; and (2) the granting of the General Mandates to the Board and the extension of the Issue Mandate are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the ordinary resolutions to be proposed at the Special General Meeting in respect thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the explanatory statement set out in the Appendix to this circular.

Yours faithfully,
Wong Wang Sang, Stephen
Chairman

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions.

The following is the explanatory statement required to be sent to the Shareholders under the Listing Rules to enable them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the grant of the Repurchase Mandate to be proposed at the Special General Meeting.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,143,334,000 Shares.

Subject to the passing of the relevant ordinary resolution to approve the grant of the Repurchase Mandate and on the basis that no further Shares are issued, and no Shares are repurchased prior to the Special General Meeting, the Company would be allowed under the Repurchase Mandate to purchase a maximum of approximately 214,333,400 Shares.

2. REASON FOR SHARE REPURCHASES

The Directors believe that the grant of the Repurchase Mandate is in the best interests of the Company and the Shareholders as it will give the Company additional flexibility. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the Company's securities and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASE

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the bye-laws of the Company and the laws of Bermuda.

The Company is empowered by its memorandum of association and the bye-laws of the Company to repurchase its securities.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the Annual Report) in the event that the Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. CONNECTED PARTIES

No connected person has notified the Company of a present intention to sell Shares to the Company and no such person has undertaken not to sell any Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

5. SHARE PRICE

The highest and lowest prices per Share at which the Shares were traded on the Stock Exchange in each of the previous twelve months were as follows:

	Price per Share	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2002		
August	0.83	0.70
September	0.89	0.78
October	0.96	0.78
November	0.93	0.85
December	0.95	0.82
2003		
January	0.89	0.81
February	0.90	0.84
March	0.88	0.73
April	0.80	0.60
May	0.81	0.63
June	0.86	0.72
July	1.08	0.74

6. SHARE REPURCHASES MADE BY THE COMPANY

No purchase of Shares has been made by the Company in the six months prior to the Latest Practicable Date.

7. GENERAL

None of the Directors, to the best of their knowledge having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the Repurchase Mandate is granted by the Shareholders, to sell any Shares to the Company.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of Bermuda and the bye-laws the Company.

8. EFFECT OF THE TAKEOVERS CODE

If, as the result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for purposes of the Takeovers Code. As a result, a Shareholder, or group of Shareholders acting in concert depending on the level of increase of shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all Shares not already owned by such Shareholder or group of Shareholders. As at the Latest Practicable Date, according to the register of interests kept by the Company under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), Target Success Group Limited ("Target Success") held 816,768,000 Shares in its capacity as trustee of the Skysource Unit Trust (all of the units of which are owned by HSBC International Trustee Limited ("HSBC")) in its capacity as trustee of the Skysource Trust which also owns all the issued shares in Target Success) and HSBC is therefore also deemed to be interested in all the 816,768,000 Shares held by Target Success in its capacity as trustee of the Skysource Unit Trust, representing approximately 38.11% of the issued share capital of the Company.

In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, then (if the present shareholdings remain the same), the shareholding of Target Success and HSBC will be increased to, approximately 42.34% of the issued share capital of the Company. The Directors are aware that this would give rise to an obligation on the part of Target Success and HSBC to make a mandatory general offer for all the Shares not already held by Target Success and HSBC under Rule 26 of the Takeovers Code. Currently, the Directors have no intention to repurchase Shares pursuant to the Repurchase Mandate.



SKYWORTH

SKYWORTH DIGITAL HOLDINGS LIMITED

創維數碼控股有限公司

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that an Special General Meeting of Skyworth Digital Holdings Limited (the “Company”) will be held at Hennessy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong, on 25 August 2003 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. **“THAT** pursuant to Clause 4(B) of the share option scheme (“Scheme”) adopted by the Company on 28 August 2002, approval be and is hereby generally and unconditionally granted for “refreshing” the 10% limit under the Scheme provided that (i) the total number of shares of HK\$0.10 each in the capital of the Company which may be issued upon the exercise of all options to be granted under the Scheme and any other share option schemes of the Company under the limit as “refreshed” hereby shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution and (ii) options previously granted under the Scheme and any other share option schemes of the Company (including options of any other share option schemes of the Company) shall not be counted for the purpose of calculating the 10% limit as “refreshed” hereby.”
2. **“THAT,**
 - (a) subject to sub-paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF THE SPECIAL GENERAL MEETING

- (b) the approval in sub-paragraph (a) above shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in subparagraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any options granted under any share option scheme or similar arrangement of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution, and the authority pursuant to subparagraph (a) of this resolution shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act 1981 of Bermuda or any other applicable law to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution; and

“Rights Issue” means an offer of shares, or an offer or issue of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the directors of the Company to holders of shares of the Company or any class thereof on the register of members of the Company on a fixed record date in proportion to their then holdings of shares or class thereof (subject to such exclusion or other arrangements as the Directors of

NOTICE OF THE SPECIAL GENERAL MEETING

the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction or any recognized regulatory body or any stock exchange).”

3. **“THAT:**

- (a) subject to sub-paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase issued shares in the capital of the Company (“Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the Shares may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Act 1981 of Bermuda and all other applicable laws in this regard, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares which may be purchased by the Company pursuant to the approval in sub-paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to sub-paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act 1981 of Bermuda or any other applicable law to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this resolution.”

NOTICE OF THE SPECIAL GENERAL MEETING

4. “**THAT:**

conditional upon the resolutions numbered 2 and 3 set out in the notice convening this meeting being duly passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with shares of the Company pursuant to resolution numbered 2 in the notice convening this meeting be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the directors of the Company pursuant to such general mandate, an amount representing the aggregate nominal amount of shares in the share capital of the Company which has been purchased by the Company under the authority granted pursuant to resolution numbered 3 in the notice convening this meeting, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”

By Order of the Board
Wong Wang Sang, Stephen
Chairman

Hong Kong Special Administrative Region
of the People’s Republic of China

8 August 2003

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business:

Room 1601-04
Westlands Centre
20 Westlands Road
Quarry Bay
Hong Kong

Notes:

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, vote on his behalf. A proxy need not be a member of the Company.
- (2) In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority, must be deposited at the office of the Company’s Branch Registrar in Hong Kong, Hong Kong Registrars Limited, at Rooms 1901–5, 19th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding the meeting or adjourned meeting thereof. Completion and return of the form of proxy will not preclude any member from attending and voting in person should he so desire.

NOTICE OF THE SPECIAL GENERAL MEETING

- (3) In relation to the proposed resolution set out in resolution numbered 1 of the above notice, approval is being sought from the shareholders for the refreshment of the 10% limit on the grant of options under the Scheme.
- (4) In relation to the proposed resolution set out in resolution numbered 2 of the above notice, approval is being sought from the shareholders for the grant to the directors of the Company of a general mandate to authorize the allotment and issue of shares under the Listing Rules. The directors of the Company have no immediate plans to issue any new shares of the Company.
- (5) In relation to the proposed resolution set out in resolution numbered 3 of the above notice, the directors of the Company wish to state that they will exercise the powers conferred thereby to repurchase shares in circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision as to how to vote on the proposed resolution as required by the Listing Rules is set out in the Appendix to this circular.